



# **FY 2009-2010 GENERAL OPERATING FUND BUDGET BACKGROUND**

**City of Mountain View  
City Council Study Session  
February 17, 2009**



## FY08-09 Total Budget

**Total Budget Expenditures**  
**\$238.0 million**  
**(All funds)**



# Budget Structure

## Total Budget for FY08-09

General Operating Fund	\$ 88,393
GF - Building Services Fund	4,290
GF - Shoreline Golf Links Fund	4,125
GF Reserves	34,744
Special Funds	46,710
Capital Improvement Funds	2,830
Enterprise Funds	46,372
Internal Service Funds	<u>10,502</u>
Total Fund Expenditures	\$237,966
(Dollars in Thousands)	



## FY08-09 Adopted Budget

**General Op. Fund Revenues = \$ 89.0 M**

**(+\$2.7 million over FY2007-08)**

**General Op. Fund Expenditures = \$88.4 M**

**(+\$3.4 million over FY2007-08)**

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**FY08-09 Balance +\$560,000**



## FY08-09 Current Estimate

**General Op. Fund Est. Revenues = \$ 87.7 M**  
**(-\$1.3 million vs. Budget)**

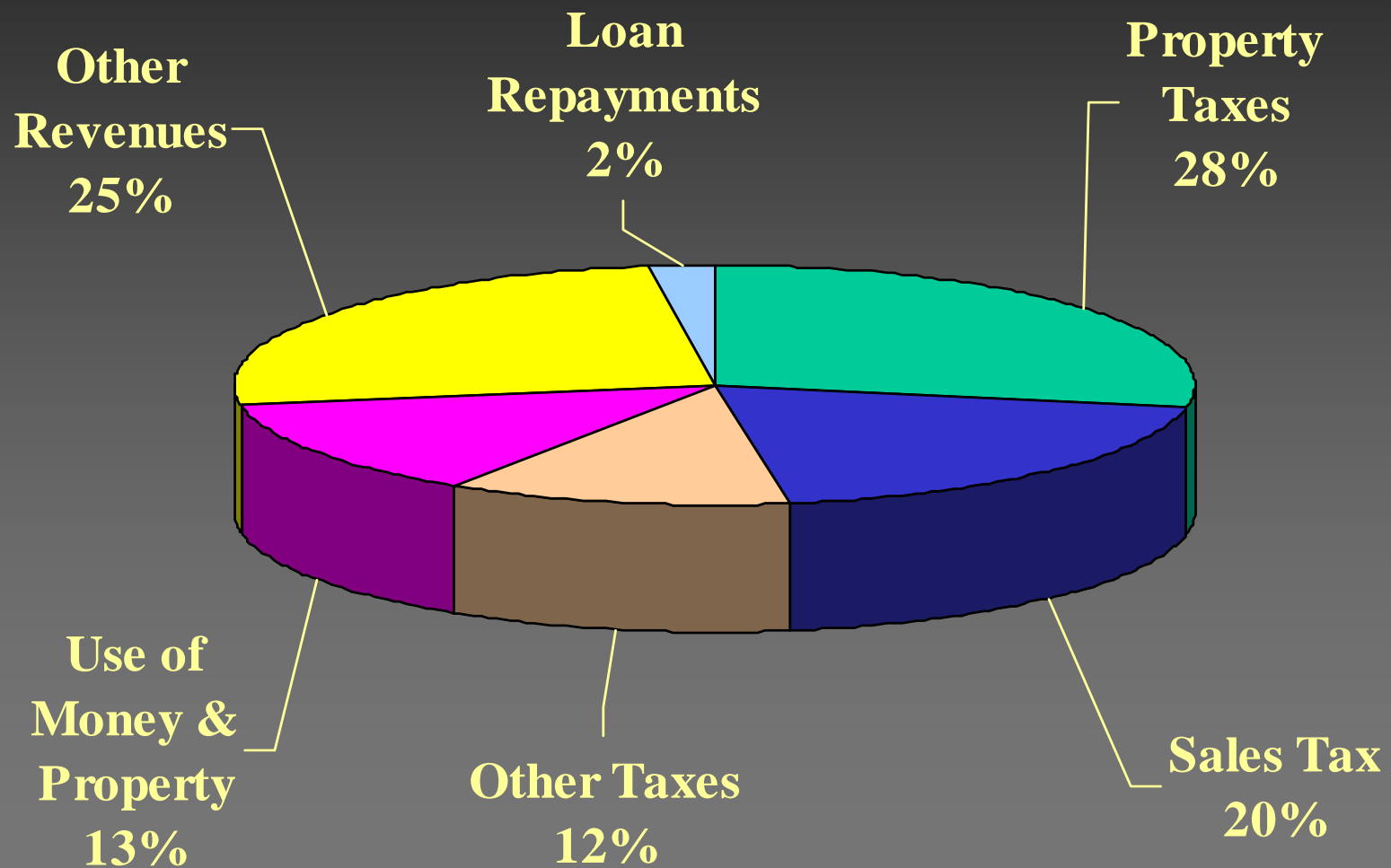
**General Op. Fund Est. Expenditures = \$86.7 M**  
**(-\$1.7 million vs. Budget)**

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**FY08-09 Estimated Balance +\$949,000**



# FY08-09 GOF Revenue Sources





## GOF Revenue Sources

	2008-09 Adopted <u>Budget</u>	2008-09 <u>Estimate</u>	Variance to <u>Adopted</u>
Property Taxes	\$ 24,889	25,321	432
Sales Tax	17,400	16,278	(1,122)
Other Taxes	10,284	10,564	280
Use of Money and Property	11,748	11,622	(126)
Other Revenues	22,570	21,838	(732)
Loan Repayments	<u>2,060</u>	<u>2,060</u>	<u>-0-</u>
Total (Dollars in Thousands)	\$ 88,951	87,683	(1,268)



## GOF Expenditure Uses

	2008-09 <u>Adopted Budget</u>	2008-09 <u>Estimate</u>	Variance to <u>Adopted</u>
Salaries & Benefits	\$ 70,607	68,743	1,864
Services & Supplies	14,353	14,696	(343)
Capital /Equipment Replacement	1,600	1,463	137
Liability Self Ins.	809	809	-0-
Debt Service	<u>1,023</u>	<u>1,023</u>	<u>-0-</u>
Total	\$ 88,392	86,734	1,658

(Dollars in Thousands)





## GOF FY09-10 Projected Revenue

\$87.0 million

FY08-09 Budget vs. Current Estimate      -\$1.3 million

FY08-09 Curr Est vs. FY09-10 Projected      -\$0.7 million

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FY09-10 Projected vs. FY08-09 Budget      -\$2.0 million



## GOF FY09-10 Projected Revenue

	2008-09 <u>Adopted</u>	2008-09 <u>Estimate</u>	2009-10 <u>Projected</u>
Property Taxes	\$ 24,889	25,321	26,049
Sales Tax	17,400	16,278	15,572
Other Taxes	10,284	10,564	10,011
Use of Money and Property	11,748	11,622	11,505
Other Revenues	22,570	21,838	21,763
Loan Repayments	<u>2,060</u>	<u>2,060</u>	<u>2,060</u>
Total	\$ 88,951	87,683	86,960
(Dollars in Thousands)			



## Vulnerable Revenues

Many General Operating Fund sources are subject to significant fluctuation based on economic conditions, these include

- Sales Tax
- Investment Income
- Hotel Tax (TOT)
- Development Fees
- Property Taxes



## FY09-10 Revenue Changes

- Property Taxes (29.0% of GOF revenues)
  - FY09-10 Secured AV projected to increase 3.4%
- Sales Tax (19.0% of GOF revenues)
  - Of 8.25% tax, 1.0% is City of Mountain View
  - FY09-10 projected \$1.8 M lower than FY08-09 adopted
- Transient Occupancy Tax (5.0% of GOF revenues)
  - A 10.0% tax on hotel/motel occupancies
  - Very susceptible to changes in the economy



## FY09-10 Revenue Changes (cont.)

- Utility Users Tax (7.0% of GOF revenues)
  - A 3.0% tax on cost of electricity, gas and telecommunication services utilized
  - FY09-10 projected to decline due to recession
- Investment Earnings (4.0% of GOF revenues)
  - Yields decline due to reduction in Fed Funds rate
  - Over 80.0% of portfolio invested in Treasuries and Agencies (for safety and liquidity) which have direct correlation with the Fed Funds rate
- Rents and Leases (9.0% of GOF revenues)
  - Lease agreements on City-owned properties
  - Does not fluctuate with short-term downturns
  - Most include annual CPI increases



## FY09-10 Expenditure Changes

FY08-09 Adopted	\$88.4 million
Compensation	+\$ 3.8 million
Services, Supplies, Other	<u>+\$ 0.7 million</u>
	+\$ 4.5 million
FY09-10 Projected	<u>\$92.9 million</u>



## FY09-10 Projected Deficit

\$92.93 million General Op. Fund Expenditures

-\$86.96 million General Op. Fund Revenues

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-\$5.97 million



- Expenditures growing significantly
- Revenue growth not matching expenditures/  
key revenues declining
- State impacts unknown
- Current economic conditions are very  
uncertain/hard to estimate with accuracy
- 10 year projections of General Fund revenues  
and expenditures
- Carryover balance





## Actions Being Taken

- Distributed information about budget challenges
- Convened 2 “all hands” meetings for City employees for financial update
- Implemented a partial hiring freeze
- Directed each department to submit 10% budget reduction scenarios
- Direction to departments restricting discretionary expenditures for remainder of fiscal year
- Department Head Team review of financial challenges and brainstorm strategies



## Actions Being Taken (cont.)

- Capital improvement projects and equipment purchases review
- Department input process to elicit suggestions from employees
- Facilitated workshop for all employee organization/union groups
- Departments Heads offered “no net compensation increase”
- Special Study Session for February 17 to review Budget situation
- Public Information strategies being developed to provide information to the community



## Budgeted Positions by Fund

	<u># Positions</u>	<u>Budget</u>
General Operating Fund	478.34	\$88,393
GF – Building Services	13.00	4,290
GF – Shoreline Golf Links	19.80	4,125
Special Funds	19.63	46,710
Enterprise Funds	73.58	46,372
Equipment Maintenance	<u>9.15</u>	2,157
Total	613.50	

(Dollard in Thousands)



## GOF Services by Department

	<u>Positions</u>	<u>Adopted Budget</u>	<u>Adopted Revenue</u>	<u>Net Cost</u>
City Council	7.00	\$ 250	\$ 0	\$ 250
City Clerk's Office	4.00	531	1	530
City Attorney's Office	8.00	1,466	25	1,441
City Manager's Office	5.85	1,274	0	1,274
Employee Services	8.50	1,428	1	1,427

(Dollars in Thousands)



## GOF Services by Department

FASD	<u>Positions</u>	<u>Adopted Budget</u>	<u>Adopted Revenue</u>	<u>Net Cost</u>
Non-Profits	0.00	\$ 275	\$ 0	\$ 275
Admin/Acctg/Fin Mgt	17.75	2,750	1	2,749
Purch/Doc Proc/ Copy Ctr	11.50	1,771	5	1,766
Information Tech	13.50	2,185	0	2,185
Risk Management	<u>2.00</u>	<u>279</u>	<u>0</u>	<u>279</u>
Total	44.75	\$ 7,260	\$ 6	\$7,254

(Dollars in Thousands)



## GOF Services by Department

Community Dev.	<u>Positions</u>	<u>Adopted Budget</u>	<u>Adopted Revenue</u>	<u>Net Cost</u>
Administration	3.00	\$ 521	\$ 0	\$ 521
Planning	12.45	2,037	573	1,464
Economic Develop	0.50	113	0	113
Neighborhoods	<u>0.80</u>	<u>275</u>	<u>0</u>	<u>275</u>
Total	16.75	\$ 2,946	\$ 573	\$ 2,373

(Dollars in Thousands)



## GOF Services by Department

Public Works	<u>Positions</u>	<u>Adopted Budget</u>	<u>Adopted Revenue</u>	<u>Net Cost</u>
Administration	3.75	\$ 777	\$ 0	\$ 777
Property Mgt/Transp	4.48	755	132	623
Capital Projects/Eng	14.00	943	258	685
Land Development	4.90	795	348	447
Traffic	1.80	650	3	647

(Dollars in Thousands)



## GOF Services by Department

Public Works (continued)	<u>Positions</u>	<u>Adopted Budget</u>	<u>Adopted Revenue</u>	<u>Net Cost</u>
Facilities/HVAC	7.67	\$ 2,844	\$ 21	\$ 2,823
Eng/Envir Compliance	1.29	187	0	187
Streets	9.00	1,667	26	1,641
Streets-Dntn/Civic Ctr	<u>0.05</u>	<u>32</u>	<u>32</u>	<u>0</u>
Total	46.94	\$ 8,650	\$ 820	\$ 7,830

(Dollars in Thousands)





## GOF Services by Department

Community Services	<u>Positions</u>	<u>Adopted Budget</u>	<u>Adopted Revenue</u>	<u>Net Cost</u>
Administration	3.15	\$ 591	\$ 0	\$ 591
Center for Performing Arts	9.25	1,182	817	365
Forestry & Roadway				
Landscape	10.20	1,437	42	1,395
Tree Maint (Urban Forest)	7.00	1,074	3	1,071
Downtown/Civic Ctr Maint	3.55	480	55	425
Parks Maintenance	21.25	3,624	0	3,624
Rec-Preschool/Elementary	2.50	429	102	327
Rec-Youth Sports/Teen	1.65	495	158	337
(Dollars in Thousands)				



## GOF Services by Department

Community Services (continued)	<u>Positions</u>	<u>Adopted Budget</u>	<u>Adopted Revenue</u>	<u>Net Cost</u>
Rec-Adult Sports	0.55	\$ 96	\$ 42	\$ 54
Rec-Youth/Adult Classes	0.68	189	77	112
Rec-Facility Rentals/Events	2.22	359	105	254
Rec-Aquatics	2.20	559	201	358
Rec-Other	4.04	778	69	709
Seniors	2.90	383	37	346
Deer Hollow Farm	2.10	241	108	133
MV & Whis Sports Ctrs/ Graham Complex	<u>1.66</u>	<u>434</u>	<u>403</u>	<u>31</u>
Total	74.90	\$ 12,351	\$ 2,219	\$ 10,132

(Dollars in Thousands)



## GOF Services by Department

Library Services	<u>Positions</u>	<u>Adopted Budget</u>	<u>Adopted Revenue</u>	<u>Net Cost</u>
Administration	3.00	\$ 630	\$ 41	589
Outreach Services	0.87	92	0	92
Children's Services	5.13	682	0	682
Teen Services	0.75	97	0	97
Adult Services	6.75	891	0	891
Collection/Library Srvs	9.25	1,463	146	1,317
Support Srvs/Tech	<u>8.00</u>	<u>1,019</u>	<u>0</u>	<u>1,019</u>
Total	33.75	\$ 4,874	\$ 187	\$ 4,687

(Dollars in Thousands)



## GOF Services by Department

Fire	<u>Positions</u>	<u>Adopted Budget</u>	<u>Adopted Revenue</u>	<u>Net Cost</u>
Administration	4.00	\$ 700	\$ 0	\$ 700
Suppression	70.00	14,888	243	14,645
Office of Emerg Srvs/ Public Info	2.00	392	15	377
Training	1.00	370	0	370
Prevention	<u>3.10</u>	<u>578</u>	<u>209</u>	<u>369</u>
Total	80.10	\$16,928	\$ 467	\$ 16,461

(Dollars in Thousands)



## GOF Services by Department

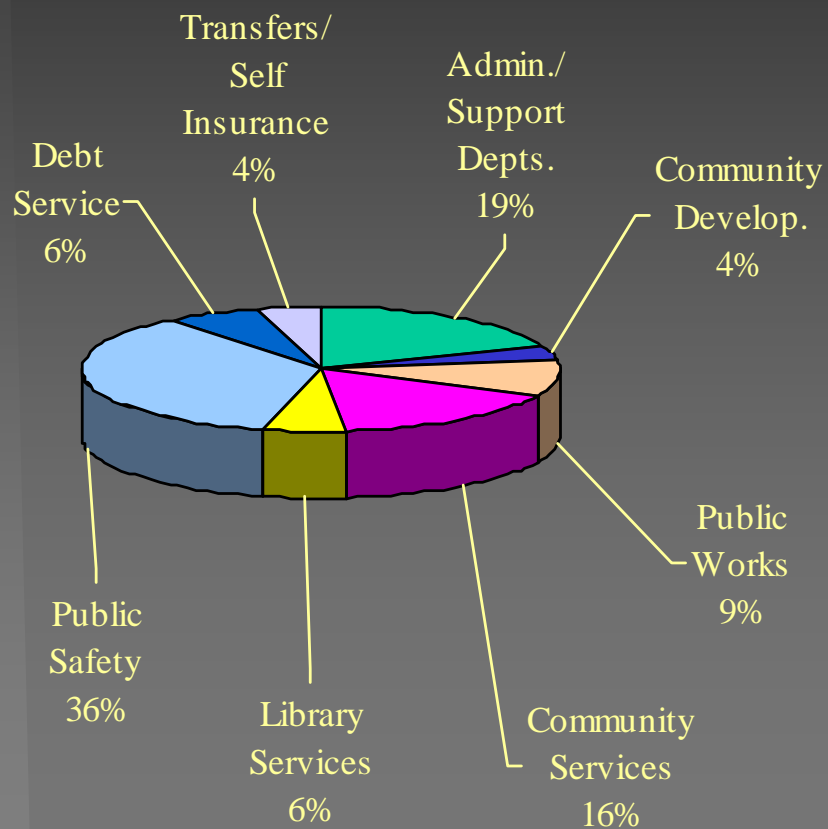
Police	<u>Positions</u>	<u>Adopted Budget</u>	<u>Adopted Revenue</u>	<u>Net Cost</u>
Administration	7.50	\$ 1,514	\$ 62	\$ 1,452
Crime Analysis/Prev/Alarm	2.50	308	190	118
Patrol	71.80	13,552	125	13,427
Traffic	5.50	1,125	661	464
Youth Services	3.00	540	0	540
Special/Amphitheatre Events	0.00	396	396	0
Investigative Services	20.50	4,210	203	4,007
Emerg Communications	15.50	2,210	126	2,084
Records/Support Services	<u>20.00</u>	<u>3,282</u>	<u>76</u>	<u>3,206</u>
Total	146.30	\$27,137	\$ 1,839	\$ 25,298

(Dollars in Thousands)

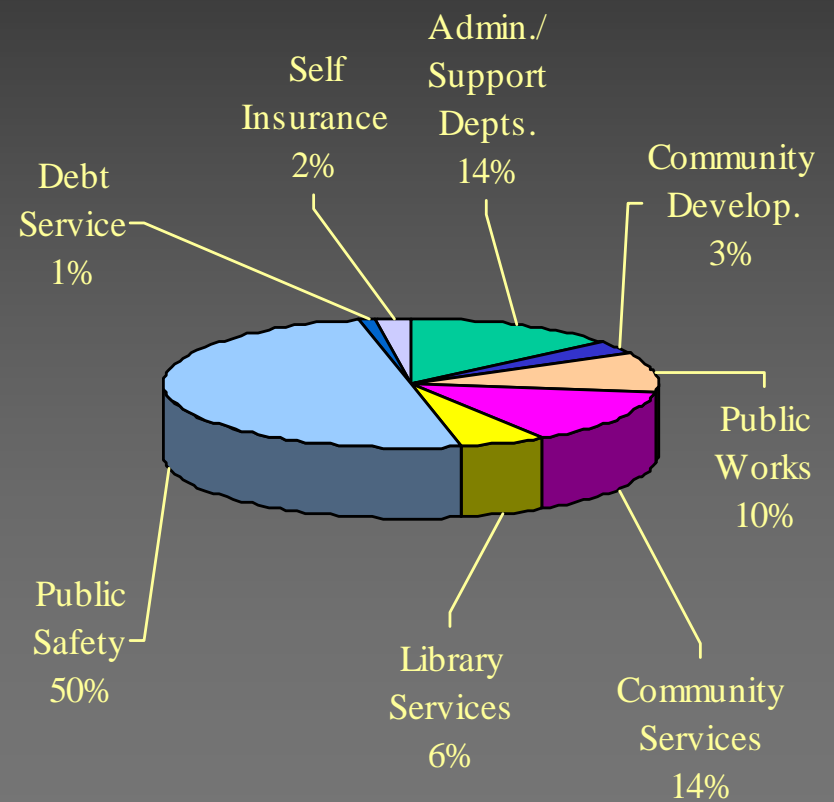


# GOF Expenditure Uses

**FY 1990-91**



**FY 2008-09**





## GOF Reduction History

<u>Department</u>	<u>FY02-03</u>	<u>FY03-04</u>	<u>FY04-05</u>	<u>FY05-06</u>	<u>Total</u>	<u>%</u>
City Council	\$ 11	18	3	0	32	14.0%
City Clerk	26	104	0	0	130	27.0%
City Attorney	72	102	0	0	174	15.0%
City Manager	143	170	11	58	382	27.6%
Employee Srvs	113	94	0	3	210	17.1%
Finance/Admin Srvs	207	528	108	89	932	14.3%
Community Dev	432	511	27	0	970	24.7%
Public Works	320	814	119	88	1,341	16.0%
Community Srvs	277	934	148	126	1,485	15.3%
Library	208	127	166	3	504	12.7%
Fire	31	248	173	2	454	4.1%
Police	<u>429</u>	<u>418</u>	<u>283</u>	<u>218</u>	<u>1,348</u>	<u>7.4%</u>
Total	\$ 2,269	4,068	1,038	587	7,962	12.0%
(Dollars in Thousands)	Average Reductions					16.3%



## GOF Position History

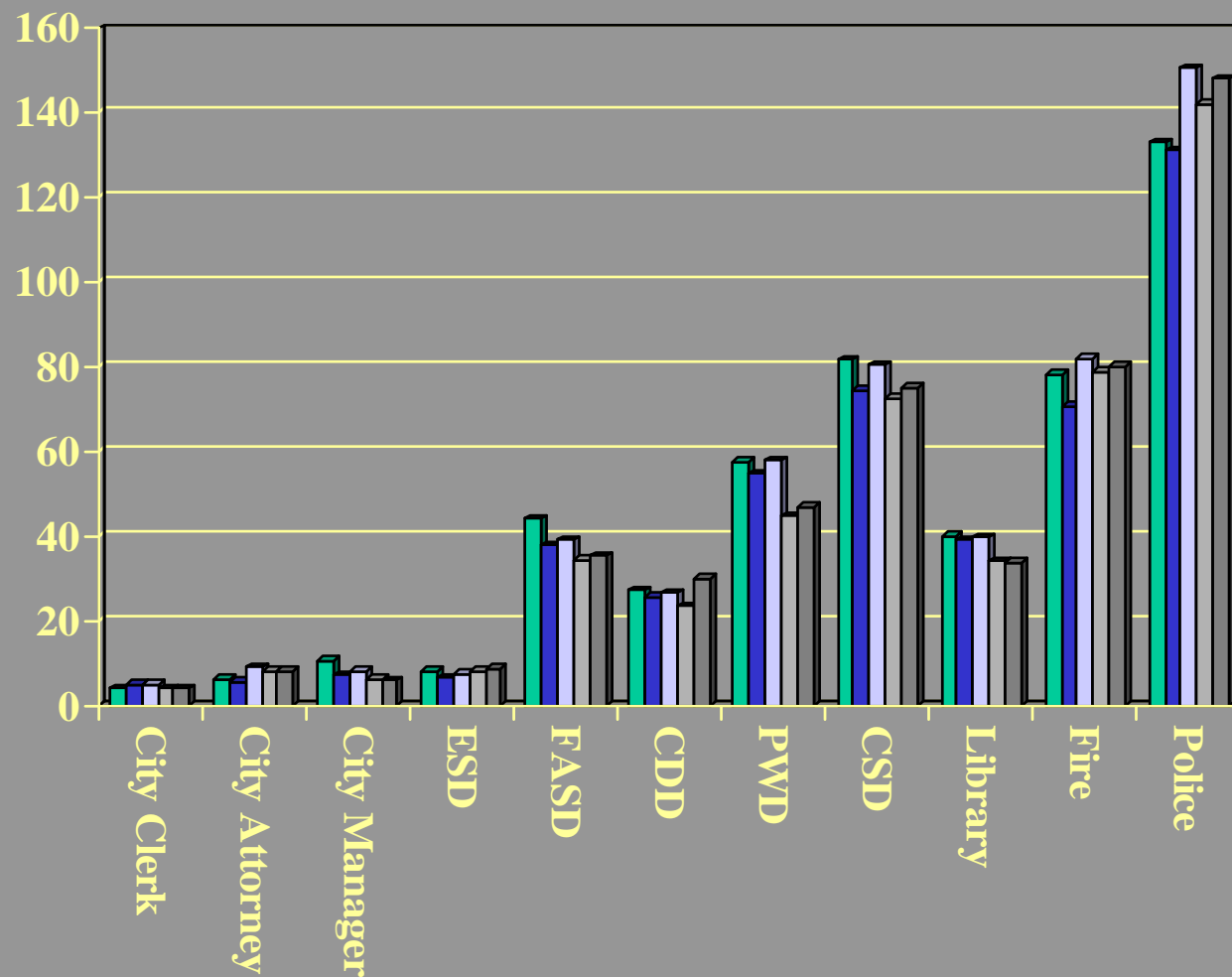
<u>Timeframe</u>	<u>Nonsafety</u>	<u>Safety</u>	<u>Total</u>
1991/92 – 1993/94	(40.75)	(8.00)	(48.75)
1994/95 – 2001/02	45.00	31.00	76.00
2002/03 – 2005/06	(57.50)	(4.00)	(61.50)
2006/07 – 2008/09*	<u>16.50</u>	<u>2.00</u>	<u>18.50</u>
Total	(36.75)	21.00	(15.75)

\*Adjusted for conversion of IT contract to in-house staff and Building Services for comparison purposes





# GOF Position History



FY90-91

FY95-96

FY00-01

FY05-06

FY08-09



# Key General Fund Reserves

## Policy Reserves:

General Fund Reserve	\$ 22.1 million
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(25% of GF Expenditures Policy)

GF Budget Contingency	5.0 million
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GF Capital Improvement Reserve	<u>11.0 million</u>
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\$ 38.1 million

Committed Reserves	\$ 37.6 million
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## Reserves/Investments

As of December 31, 2008

### General Fund

Policy Reserves	\$ 38,121	13.0%
Committed Reserves	37,639	12.9%
Working Capital	1,280	0.4%
Special Funds	41,458	14.2%
Capital Improvement Funds	86,444	29.5%
Enterprise Funds	17,982	6.1%
Internal Service Funds	61,111	20.9%
Other Fund	<u>8,939</u>	3.0%
Total City Portfolio	\$292,974	

(Dollars in Thousands)



# Suggested Guiding Principles

- Maintain essential services and facilities
- Protect/preserve investment in existing infrastructure
- Limit service reductions to the greatest degree possible
- Minimize impacts on the public
- Maximize organizational efficiencies
- Protect the City's long-term fiscal integrity
- Minimize impacts on employees
- Match one-time revenues to one-time expenditures
- Establish a long-term, sustainable level and mix of City services
- Identify areas for higher cost recovery
- Structurally balance the budget
- Maintain prudent reserve levels



## Potential Considerations

- Service/staffing reductions
  - Reduced hours/frequency of services and facilities
  - Differential manner of providing services
- Higher level of cost recovery
- Reduced funding for Equipment Replacement/Capital Outlay
- Review currently funded CIPs/delay new CIPs
- Compensation cost containment
- Debt repayment

- City is confronted with significant financial challenges
- Revenues projected to decline in FY09-10 primarily due to the current economic recession
- Forecast through FY18-19 indicates a structural imbalance
- Short-Term Strategies
- Long-Term Strategies
- Potential for an on-going budget process

February 24: Mid-Year Report – Other Funds

April 7: Narrative Budget Report Part I

May 5: Narrative Budget Report Part II

June 2: Proposed Budget Public Hearing

June 9: Budget Adoption